Summit Industrial Income REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

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The terms ñSummit IIò, ñthe Trustò or ñthe REITò in the following Managementôs Discussion and Analysis (ñMD&Aò) refer to Summit Industrial Income Real Estate Investment Trust and its Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

FORWARD-LOOKING INFORMATION ADVISORY

Certain statements in this MD&A are ñforward - looking statementsò within the meaning of applicable securities laws. These statements reflect Managementôs expectations regarding Summit IIôs future growth, results of operations, performance and business prospects and opportunities including expectations for the current financial year, and include, but are not limited to, statements with respect to Managementôs beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Statements that contain the words such as ñcouldò, ñshouldò, ñwouldò, ñcanò, ñanticipateò, ñexpectò, ñdoes not expectò, ñbelieveò, ñplanò, ñbudgetò, ñscheduleò, ñestimateò, ñintendò, ñprojectò, ñwillò, ñmayò, ñmightò, ñcontinueò and similar expressions or statements relating to matters that are not historical factors constitute forward - looking statements. Such forward - looking statements reflect Managementôs current beliefs and are based on information currently available to Management.

These statements are not guarantees of future events or performance and, by their nature, are based on Summit IIôs current estimates and assumptions, which are subject to significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward - looking statements including, but not limited to, risks associated with real property ownership, debt financing, interest and financing, capital requirements, credit risk, general uninsured losses, developments, future property acquisitions, competition for real property investments, environmental matters, land leases, potential conflicts of interest, governmental regulations, the relative illiquidity of real property, taxation and reliance on key personnel. These risks, and others, are more fully discussed under the ñRisk Factorsò section of this MD&A. Material factors and assumptions that were applied in drawing a conclusion or making an estimate set out in the forward - looking information may include, but are not limited to: relatively low and stable interest costs; access to equity and debt capital markets to fund, at acceptable costs, the future growth of Summit II and to enable it to refinance debts as they mature; Summit IIôs ability to maintain occupancy and to lease or re - lease space at current or anticipated rents; and the availability of purchase opportunities for growth in Canada. Summit II has attempted to identify important factors that could cause actual results, performance or achievements to be other than as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. These factors are not intended to represent a complete list of the factors that could affect Summit II. Although the forward - looking statements contained in this MD&A are based upon what Management believes to be reasonable assumptions, Summit II cannot assure investors that actual results will be consistent with these forward looking statements.

The forward ‑ looking statements contained herein are expressly qualified in their entirety by this cautionary statement and readers should not place undue reliance on such forward ‑ looking statements. In addition, certain statements included in this MD&A may be considered ñfinancial outlookò for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than in this MD&A. These forward ‑ looking statements are made as at the date of this MD&A and Summit II assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required to do so by applicable securities legislation.

BASIS OF PRESENTATION

Financial data included in this MD&A includes material information as of February 16, 2016, and should be read in conjunction with the REITõs Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014. Financial data provided has been prepared in accordance with International Financial Reporting Standards (ñIFRSò) as issued by the International Accounting Standards Board (ñIASBò).

ADDITIONAL INFORMATION

Additional information relating to Summit II, including the Annual Information Form, Material Change Reports and all other continuous disclosure documents required by the securities regulators, are filed on the System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed electronically at www.sedar.com.

REVIEW AND APPROVAL BY THE BOARD OF TRUSTEES

The Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A on February 16, 2016.

SECTION I – OVERVIEW VISION AND STRATEGY

OVERVIEW

Summit II, is an unincorporated mutual fund trust governed by the laws of the Province of Ontario pursuant to the terms of its amended and restated Declaration of Trust dated November 9, 2012 (the ñDeclaration of Trustò). Summit IIõs Units are publicly traded on the Toronto Stock Exchange (ñTSXò) under the symbol SMU.UN.

Summit II is focused primarily on the light industrial segment of the Canadian real estate industry. As at December 31, 2015, Summit IIõs property portfolio was comprised of 45 properties totalling 4,403,545 square feet of gross leasable area (ñGLAò) with a net book value of approximately $401.8 million. Total assets as at December 31, 2015, were approximately $406.4 million.

NON-IFRS FINANCIAL MEASURES

Readers are cautioned that certain terms used in this MD&A such as Funds from Operations (ñFFOò), Adjusted Funds from Operations (ñAFFOò), Net Operating Income (ñNOIò) and any related per Unit amounts used by Management to measure, compare and explain the operating results and financial performance of the Trust do not have any standardized meaning prescribed under IFRS and, therefore, should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Such terms do not have a standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other publicly traded entities.

SIGNIFICANT ACCOUNTING POLICIES

Summit IIôs significant accounting policies are described in Note 3 to its Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

The preparation of financial statements requires Summit II to make estimates and judgments that affect the reported results. For a detailed discussion of the critical estimates refer to Note 5 to the REITôs Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

SUMMIT II'S BUSINESS, VISION AND STRATEGY

SUMMIT II'S BUSINESS

Primary Investment

Light Industrial Segment

Summit II is focused on the light industrial sector of the Canadian real estate industry. Light industrial properties are generally one-story properties located in or near major cities. The properties house such activities as warehousing and storage, light assembly and shipping, call centers and technical support, professional services and a number of other similar uses. There are no significant heavy industrial activities conducted in the properties owned by Summit II.

Summit II has selected this focus due to the solid fundamentals of the Canadian light industrial real estate sector, including low market rent volatility, reduced operating costs and typically generic - use space that is highly marketable. In addition, the scale and diversity of the tenant base occupying light industrial properties is broad and generally tracks the overall economy, reducing risk and providing predictable and consistent cash flow. Finally, capital expenditure and maintenance requirements, leasehold improvement and tenant inducement costs are relatively low compared to other types of real estate.

SUMMIT II'S VISION AND STRATEGY

Summit IIôs mission is to provide ñbest-in-classò services to its tenants while delivering solid, stable, and secure returns to its Unitholders. Over the long term, Summit II is dedicated to maximizing FFO through effective property management, realizing on efficiencies and synergies from critical mass, accretive acquisitions, innovative financings and selective development opportunities.

To achieve these goals, Summit II has developed the following key objectives:

1. *To produce superior, dependable returns over the long term for its Unitholders.*

   To meet this objective, Summit II plans to generate accretive growth while purchasing properties at values that are at or below replacement cost. Summit II also intends to maximize, over time, available development and expansion opportunities on its existing properties and, through a mortgage-backed mezzanine financing program, undertake development projects through third parties. In the pursuit of generating increasing funds from operations, Summit II plans to maximize operating synergies and to increase economies of scale. Summit IIôs goal is to achieve growth in FFO over the long term.

2. *To be a leading industrial landlord in its chosen markets.*

   By building critical mass in its chosen market, Summit II plans to capture increasing economies of scale and operating synergies to grow its FFO. Further, Summit II will continue to create diversity in its tenant base and industrial inventory to accommodate changing tenant needs. In addition, Summit II is consistently presented with acquisition opportunities by sellers of industrial real estate.

   To meet its growth objective, Summit II will continue to acquire light industrial properties, to expand GLA in its owned properties based on tenant demand, and to grow through direct and third party development projects. Management is confident through its strong relationships with its lenders and the ability it has demonstrated to access the capital markets that it will generate sufficient capital to meet its growth targets over the long term.

3. *To be one of the top managers of industrial real estate in Canada.*

   Summit II plans to accomplish its vision to be a ñbest-in-classò service provider to tenants through innovative programs that focus on tenant retention, real estate leasing broker loyalty, standardization of operations, operating efficiency, and proactive employee management.

   By strengthening its reputation as a leading service provider and continuing to meet the needs of its tenants, Summit II will enhance portfolio occupancy, average monthly rents and tenant retention over the long term. Retaining a tenant is much more efficient and much less expensive than attracting a new to tenant to a vacant space. High occupancies and strong tenant retention ratios assist in maximizing cash flow from Summit IIôs income properties.

SECTION II – KEY PERFORMANCE INDICATORS

Summit II measures the long-term success of its strategies through a number of key financial and operating performance indicators as described below:

FINANCIAL INDICATORS

Funds from Operations

Management has determined FFO to be a useful measure of operating performance as it focuses on cash flow from operating activities. FFO is net income (computed in accordance with IFRS), net of extraordinary items, amortization expense, future income taxes and gains and losses from property dispositions as well as non-cash items such as the fair value adjustments to investment properties. Management will strive to increase FFO over the long term.

Adjusted Funds from Operations

AFFO is defined as FFO net of actual leasing commissions, tenant improvements, capital expenditures that maintain the current rental operations, and straight-line rent. Management considers leasing activities and capital expenditures to be fundamental to the operating activities of the REIT in order to maintain the current level of rental operations, and is not a discretionary investment. Management has excluded from the calculation of AFFO those capital expenditures and leasing costs that relate to the generation of a new rental stream. Management also considers AFFO to be an effective measure of the cash generated from operations and is a measure of the REITõs ability to pay distributions.

Net Operating Income

NOI is a generally accepted proxy for operating cash flow and represents earnings before interest expense, income tax expense, amortization expense, plus losses/less any gains on disposition of property, and excluding non-recurring items, such as asset impairment or unrealized gains/losses that may occur under IFRS.

Cash Distributions per Unit

Currently the REIT pays monthly cash distributions to Unitholders of $0.042 per Unit, or $0.504 per Unit on an annualized basis. The Board of Trustees has adopted a policy to consider annually increasing the cash distribution by between 2% and 4% while maintaining an AFFO payout ratio below 90%.

In addition, the Board of Trustees has adopted a policy to distribute a special distribution when the REIT produces a realized gain upon the sale of a property. The special distribution will be up to 20% of the realized gain.

Adjusted Funds from Operations Payout Ratio

To ensure it retains sufficient cash to meet its capital improvement and leasing objectives, Summit II will strive to maintain its annual AFFO Payout Ratio (cash distributions per Unit divided by adjusted funds from operations per Unit) under 90%.

Debt Leverage Ratio

A conservative leverage ratio mitigates Unitholdersô risk. Summit II measures its debt leverage ratio in accordance with its Declaration of Trust. Leverage is calculated as the sum of mortgages payable, convertible debentures, preferred units payable, unsecured debentures and bank loans payable divided by the book value of total assets. The maximum permitted debt leverage ratio under the Declaration of Trust is 65%. While expanding its portfolio, Summit II intends to maintain its leverage ratio in the mid-50% range over the long term.

OPERATING INDICATORS

Tenant Retention

Summit II places a very high value on tenant retention, as the cost to retain a tenant is typically lower than the cost to attract a new one. When a tenant is retained, lost rent due to unoccupied space is eliminated and leasing commissions and tenant inducements are typically lower than the cost of putting new tenants in place. Over the long term, Summit II will continue to aim at a target of 75% tenant retention level.

Occupancy

Consistently high occupancies also generate greater cash flow over the long term. Through its proactive property management and leasing activities, Management anticipates maintaining occupancy at levels higher than the average occupancy in each of the markets in which it operates. Economic ñfull occupancyò in a light industrial portfolio is realistically at a level less than 100% due to the fact that there will often be some vacancy in the portfolio due to tenant turnover or during the time certain properties are under development or renovation.

Average Rents

Increasing average cash rents contributes to higher funds from operations. Annual contractual increases in rent are beneficial to tenants in managing their costs, as significant rental increases at maturity are avoided and replaced with a predictable expenditure pattern. Summit II intends to negotiate annual increases in rent in the majority of new lease transactions and renewals. The collection of rents is enhanced by Summit IIôs preauthorized payment program, which provides administrative efficiencies to both Summit II and its tenants, as well as providing more consistent cash flow and reducing exposure to delinquent accounts.

Lease Portfolio Management

As noted above, a high tenant retention ratio is strongly valued at Summit II. A properly balanced lease maturity schedule facilitates maintaining higher occupancies and spreads leasing costs more predictable over future years. Summit II will endeavor to have no more than 15% of its leases maturing in any one year.

Capital Expenditures

Through its focused capital expenditure program, Summit II anticipates maintaining its properties so they remain functional and competitive within their respective geographic markets. Based on its current capital program, Summit II plans to spend $0.15 to $0.20 per square foot per annum on non-recoverable capital expenditures.

CAPABILITY TO DELIVER RESULTS

Summit II is confident that it has the Management team, asset base, access to investment opportunities and access to capital to meet its objectives. The achievement of Summit IIôs objectives is partially dependent on successful mitigation of business risks. Summit II believes it has identified and mitigated such risks to the extent practical and is committed to identifying and implementing the actions required in achieving its strategy.

Managementôs capabilities and the business risks that must be managed are discussed in Summit IIôs Annual Information Form dated March 31, 2015.

Business and Economic Environment

In the current low interest rate environment, Canadian industrial real estate has performed very well. Through the fourth quarter of 2015, Management believes a strengthening US economy and low Canadian dollar will continue to have a positive impact on the Canadian economy in general, and Canadian industrial markets in particular. At the end of the fourth quarter, the national availability rate and vacancy rate in Canada had dropped to 5.6% and 4.2%, respectively, compared with corresponding rates of 8.1% and 6.1% reported at the height of the recession in 2009. The current market fundamentals are indicative of very healthy and stable markets, particularly in Summit IIôs target markets. Among Canadaôs major industrial markets, the Greater Toronto Area (ñGTAò) is experiencing the second lowest availability rate and vacancy rates in the country at 4.0% and 2.1%, respectively.[(1)] A majority of Summit IIôs light industrial real estate is located in the GTA in order to capitalize on these historically tight market conditions. With absorption outpacing new supply in the GTA, and growing constraints on new supply in the form of rising development charges, rising construction costs and land preservation, Management believes there will be upward pressure on the GTAôs light industrial rental rates that will be supportive of long term value creation in the region. The Greater Montreal Area (ñGMAò) continues to strengthen with availability and vacancy rates declining. The continued expansion of the port of Montreal through 2016 is expected to increase tonnage and cargo shipments which should help to further improve occupancy and rental rates in the region. The proximity of the GMA to the strengthening US economy will be a direct benefit to industrial real estate. For these reasons, both the GTA and GMA will be a focus of Summit II's growth plans over the near term.

(1) CBRE Global Research and Consulting

SECTION III – FINANCIAL RESULTS

The following is a summary of selected financial information for the periods indicated (see SECTION II ï KEY PERFORMANCE INDICATORS for a description of the key terms):

(in Thousands of Canadian dollars) (except per Unit amounts)	Three months ended December 31		Year ended December 31	
	2015	2014	**2015**	2014
Portfolio Performance				
Occupancy (%)	**98.1%**	100.0%	**98.1%**	100.0%
Revenue from income properties	**$ 9,708**	$ 7,532	**$ 38,377**	$ 28,740
Property operating expenses	**2,966**	2,073	**11,865**	7,526
Net operating income	**6,742**	5,459	**26,512**	21,214
Interest expense	**2,008**	1,767	**8,100**	7,160
Net income	**4,956**	3,158	**17,935**	11,476
Operating Performance				
FFO per Unit (1)	**0.150**	0.139	**0.593**	0.588
AFFO per Unit (1)	**0.134**	0.129	**0.496**	0.521
Regular Distributions per Unit declared to Unitholders	**0.1260**	0.1260	**0.5040**	0.4992
Special Distributions per Unit declared to Unitholders (3)	**-**	-	**0.0160**	-
Regular FFO payout ratio without DRIP benefit	**84.3%**	90.6%	**85.0%**	84.9%
Regular FFO payout ratio with DRIP benefit (2)	**70.8%**	80.4%	**71.4%**	70.7%
Regular AFFO payout ratio without DRIP benefit	**93.9%**	98.0%	**101.6%**	95.8%
Regular AFFO payout ratio with DRIP benefit (2)	**78.9%**	87.0%	**85.4%**	79.8%
AFFO per Unit plus net realized (loss) gain	**0.135**	0.114	**0.566**	0.702
Total Distributions per Unit declared to Unitholders	**0.1260**	0.1260	**0.5200**	0.4992
AFFO plus net realized (loss) gain payout ratio without DRIP benefit	**93.6%**	110.6%	**91.9%**	71.1%
Weighted average Units outstanding (1)	**28,860**	23,368	**28,628**	21,164
Liquidity and Leverage				
Total assets	**406,411**	341,646	**406,411**	341,646
Total debt (loans and borrowings)	**218,369**	188,677	**218,369**	188,677
Weighted average effective mortgage interest rate	**3.52%**	3.68%	**3.52%**	3.68%
Weighted average mortgage term (years)	**4.47**	4.45	**4.47**	4.45
Leverage ratio (4)	**53.7%**	55.2%	**53.7%**	55.2%
Interest coverage (times)	**3.01**	2.72	**2.94**	2.63
Debt service coverage (times)	**1.77**	1.69	**1.77**	1.72
Other				
Properties acquired	**-**	1	**11**	5
Non-core properties disposed	**-**	1	**-**	1

(1) On January 7, 2015, approximately 5,130,000 Units were issued on completion of a public offering.

(2) On March 15, 2013, the Trust announced a cash distribution policy to pay $0.0408 per Trust Unit starting on April 15, 2013, to Unitholders of record on March 29, 2013. On May 6, 2014, the Trust announced a cash distribution increase to $0.042 per Trust Unit.

(3) On the sale of a 75% interest in two properties, the Trustees approved a special distribution of $0.016 per Unit payable to shareholders of record May 31, 2015 which was paid June 15, 2015.

(4) Average leverage was 54.0% during the fourth quarter of 2015 compared to 52.0% in the same period of 2014.

FINANCIAL AND OPERATING HIGHLIGHTS

2015 Highlights:

- Acquired interests in 11 properties totaling 850,602 sq. ft. for $81.8 million.
- Financed with bought-deal equity offering in January 2015 for proceeds of $30 million.
- Sold 75% interest in two properties in April 2015 for $24.9 million generating a net realized gain of $2.0 million.
- 25.0% increase in NOI generated a 36.4% and 28.7% increase, respectively, in FFO and AFFO.
- Paid special cash distribution of $0.016 per unit on June 15, 2015, in line with the Trusteesô policy to distribute up to 20% of the gain from a property sale.
- Placed permanent financing on 3720 Des Grandes Tourelles, Boisbriand, QC, with a 10-year mortgage for $12.9 million (Summitôs 50% interest) at an interest rate of 3.25%.
- Occupancy strong at 98.1% with an average lease term of 5.6 years and contractual rent steps of 1.6% per year.
- Amended and extended revolving operating credit facility to $44 million maturing September 27, 2017 and a $16 million acquisition line maturing November 1, 2016.
- 85.0% FFO payout ratio without DRIP benefit and 71.4% with DRIP benefit.
- Leverage ratio of 53.7% at December 31, 2015 creates immediate capacity for further growth through property acquisitions.
- Manager and Principals interest remains strongly aligned with Unitholders through 13.7% insider ownership of REIT Units outstanding.

Subsequent to year end:

- Acquired a 50% interest in two properties in Montreal for a purchase price of $6.7 million.
- Entered into joint venture property acquisition and development agreement and purchased a value-add Montreal property for $3.6 million.
- Repaid $4.9 million in mortgage debt utilizing funds from the revolving credit facility.
- Secured $7.5 million in mortgage debt at a rate of 2.78% with a five year term to maturity.

REVENUE, PROPERTY OPERATING EXPENSES, NOI, INTEREST

Net operating income for the three months and year ended December 31, 2015, increased to $6.7 million and $26.5 million, respectively, compared to $5.5 million and $21.2 million, respectively, for the same periods in 2014. The increases were due to accretive acquisitions completed in 2014 and 2015, partially offset by the 75% sale of a property in May 2014 and the 75% sale of two other properties in April 2015. Please refer to the ñTransactionsò section below.

Interest expense for the three months and year ended December 31, 2015, increased to $2.0 million and $8.1 million, respectively, compared to $1.8 million and $7.2 million, respectively, for the same periods in 2014. The increase was due to the increase in the property portfolio and the related increase in mortgage and other debt.

Net income for the three months and year ended December 31, 2015, was $5.0 million and $17.9 million, respectively, compared to $3.2 million and $11.5 million, respectively, for the same periods in 2014. The increase was primarily due to the growth in the portfolio, a gain on the sale of investment properties of $2.0 million in the second quarter of 2015, offset by a loss of $540,000 in the third quarter of 2015 associated with changes to return of escrow receivable assumptions from the sale of 75% interest of an Ottawa property in May 2014, compared to a loss of $400,000 in the third quarter of 2014. Fair value gains of $669,000 and losses of $27,000 were recorded for the three months and year ended December 31, 2015, respectively, compared to fair value gains of $263,000 and $154,000, respectively, for the same periods in 2014.

TRANSACTIONS

ACQUISITIONS

For the year ended December 31, 2015 Summit II acquired 11 properties totalling 850,602 square feet of GLA. During the year ended December 31, 2014, Summit II acquired five properties totalling 593,239 square feet of GLA. Details of the REITôs acquisition activity are shown in the following table:

Property	City	Province	Closing date	%	GLA		Purchase Price
2015 Acquisitions							
5545 Ernest-Cormier (1)	Laval	Quebec	February 5, 2015	50%	24,956	$	3,750,000
185 Bellerose Blvd (1)	Laval	Quebec	February 5, 2015	50%	19,566		3,850,000
1970 John-Yule (1)	Chambly	Quebec	February 5, 2015	50%	12,872		2,725,000
3720 Ave des Grandes Tourelles (1)	Boisbriand	Quebec	February 11, 2015	50%	154,166		19,000,000
1177-1185 55e Ave (1)	Dorval	Quebec	February 11, 2015	50%	77,946		7,000,000
5757 Thimens Blvd. (1)	St. Laurent	Quebec	February 11, 2015	50%	37,747		3,050,000
78 Walker Drive	Brampton	Ontario	February 23, 2015	100%	150,000		11,000,000
1600 Clark Boulevard	Brampton	Ontario	February 23, 2015	100%	79,300		5,800,000
65 Riveria Drive	Markham	Ontario	February 23, 2015	100%	46,360		3,750,000
5485 Tomken Road	Mississauga	Ontario	February 23, 2015	100%	63,700		4,600,000
2333 North Sheridan Way	Mississauga	Ontario	June 11, 2015	100%	183,989		14,450,000
Total Acquisitions for the year 2015					**850,602**		**78,975,000**
2014 Acquisitions							
21 Finchdene Square	Scarborough	Ontario	June 6, 2014	100%	170,100	$	10,750,000
1 Rimini Mews	Mississauga	Ontario	June 6, 2014	100%	46,150		4,200,000
977 Century Drive	Burlington	Ontario	June 6, 2014	100%	45,496		3,250,000
30 Struck Court	Cambridge	Ontario	September 30, 2014	100%	111,493		7,000,000
350 Hazelhurst Road	Mississauga	Ontario	December 23, 2014	100%	220,000		22,250,000
Total Acquisitions for the year 2014					**593,239**		**47,450,000**

(1) Represents 50% of total GLA.

DISPOSITIONS

A summary of the disposition of properties for the years ended December 31, 2015 and 2014, is outlined in the following table:

Property	City	Province	Closing date	%	GLA		Selling Price
2015 Dispositions							
290 Frenette (1)	Moncton	New Brunswick	April 30, 2015	75%	127,106	$	17,737,500
200 Iber Road (1)	Ottawa	Ontario	April 30, 2015	75%	56,807	$	7,165,000
Total Dispositions for the year 2015					**183,913**	**$**	**24,902,500**
2014 Dispositions							
501 Palladium Drive (1)	Ottawa	Ontario	May 6, 2014	75%	193,779	$	25,294,287
6882 & 6884 52nd Street	Red Deer	Alberta	October 20, 2014	100%	8,000	$	710,000
Total Dispositions for the year 2014					**201,779**	**$**	**26,004,287**

(1) Represents 75% of total GLA.

FUNDS FROM OPERATIONS, ADJUSTED FUNDS FROM OPERATIONS

The Trustӧs FFO and AFFO per Unit are calculated as follows:

(in Thousands of Canadian dollars)		Three months ended December 31				Year ended December 31		
		2015		2014		**2015**		2014
Net Income	**$**	**4,956**	$	3,158	**$**	**17,935**	$	11,476
adjustments								
Free rent amortization	**$**	**37**	$	12	**$**	**111**	$	45
Loss (Gain) on sale of property [1]	**$**	**(11)**	$	400	**$**	**(1,444)**	$	400
Incentive fee associated with realized (loss) gain on sale of investment properties	**$**	**2**	$	(57)	**$**	**351**		680
Fair value adjustment to investment properties	**$**	**(669)**	$	(263)		**27**		(154)
FFO	**$**	**4,315**	$	3,250	**$**	**16,980**	$	12,447
adjustments								
Straight lining of rents	**$**	**(233)**	$	(197)	**$**	**(964)**	$	(755)
Leasing costs	**$**	**(102)**	$	(18)	**$**	**(1,402)**	$	(559)
Capital	**$**	**(106)**	$	(31)	**$**	**(412)**	$	(101)
AFFO	**$**	**3,874**	$	3,004	**$**	**14,202**	$	11,032
FFO per Unit	**$**	**0.150**	$	0.139	**$**	**0.593**	$	0.588
AFFO per Unit	**$**	**0.134**	$	0.129	**$**	**0.496**	$	0.521
Regular Distributions declared to Unitholders [3]	**$**	**3,638**	$	2,945	**$**	**14,477**	$	10,604
Regular Distributions per Unit declared to Unitholders	**$**	**0.1260**	$	0.1260	**$**	**0.5040**	$	0.4992
Regular Cash distributions paid [3]	**$**	**3,057**	$	2,612	**$**	**12,125**	$	8,806
Regular FFO payout ratio without DRIP benefit [3]		**84.3%**		90.6%		**85.0%**		84.9%
Regular FFO payout ratio with DRIP benefit [1]		**70.8%**		80.4%		**71.4%**		70.7%
Regular AFFO payout ratio without DRIP benefit [3]		**93.9%**		98.0%		**101.6%**		95.8%
Regular AFFO payout ratio with DRIP benefit [3]		**78.9%**		87.0%		**85.4%**		79.8%
Adjustments to AFFO for special distribution [4]								
AFFO	**$**	**3,874**	$	3,004	**$**	**14,202**	$	11,032
Realized (loss) gain on sale of investment properties [2]	**$**	**11**	$	(400)	**$**	**2,340**	$	4,505
Incentive fee associated with realized (loss) gain on sale of investment properties	**$**	**(2)**	$	57	**$**	**(351)**	$	(680)
Net realized (loss) gain	**$**	**9**	$	(343)	**$**	**1,989**	$	3,825
AFFO including net realized (loss) gain	**$**	**3,883**	$	2,661	**$**	**16,191**	$	14,857
AFFO per Unit plus net realized (loss) gain	**$**	**0.135**	$	0.114	**$**	**0.566**	$	0.702
Total cash distributions paid [4]	**$**	**3,057**	$	2,612	**$**	**12,517**	$	8,806
Total Distributions per Unit declared to Unitholders [4]	**$**	**0.1260**	$	0.1260	**$**	**0.5200**	$	0.4992
AFFO plus net realized (loss) gain payout ratio without DRIP benefit [4]		**93.6%**		110.6%		**91.9%**		71.1%
Weighted average number of Units outstanding - post ӓconsolidationӧ		**28,860**		23,368		**28,628**		21,164
Units issued and outstanding at the end of the period		**28,908**		23,397		**28,908**		23,397

[1] The gain on sale of property is calculated as net proceeds on sale less the IFRS fair market value of the property prior to sale.

[2] The realized gain on sale of investment property is calculated as net proceeds on sale less the actual costs incurred to initially acquire the property and the capital and leasing cost incurred since ownership.

[3] On March 15, 2013, the Trust announced a cash distribution policy to pay $0.0408 per Trust Unit starting April 15, 2013 to Unitholders of record on March 29, 2013. On May 6, 2014, the Trust announced a cash distribution increase to $0.042 per Trust Unit.

[4] On the sale of a 75% interest in two properties, the Trustees approved a special distribution of $0.016 per Unit payable to shareholders of record May 31, 2015. This was paid June 15, 2015.

For the three months and year ended December 31, 2015, FFO was $4.3 million ($0.150 per Unit) and $17.0 million ($0.593 per Unit), respectively, compared to $3.3 million ($0.139 per Unit) and $12.4 million ($0.588 per Unit), respectively, during the same periods in 2014. For the three months and year ended December 31, 2015, AFFO was $3.9 million ($0.134 per Unit) and $14.2 million ($0.496 per Unit), respectively, compared to $3.0 million ($0.129 per Unit) and $11.0 million ($0.521 per Unit), respectively, during the same periods in 2014.

The increases in FFO and AFFO in 2015 are due primarily to acquisitions completed over the prior twelve months and increased occupancy, partially offset by the disposal of 75% of two properties. Per Unit amounts in 2015 were negatively impacted by the 23.5% and 35.3% increase in the weighted average number of Units outstanding for the three months and year ended December 31, 2015, respectively, compared to the same prior year periods as a result of equity offerings over the prior twelve months, the fact that the funds from the January 2015 offering were not fully invested until the end of February 2015, and the delay in re-investment of funds received on the 75% sale of the two properties in 2015.

The REITõs FFO payout ratio through the fourth quarter of 2015 was 84.3% or 70.8% including the benefit of the REITõs DRIP program. For the year ended December 31, 2015, the FFO payout ratio was 85.0% or 71.4% including the benefit of the DRIP program.

FFO was also impacted by the delay in investing the funds from the equity offering and re-investing the proceeds from the property sales. The funds from the January 2015 offering were not fully invested until February 23, 2015. As well, the funds from the sale of 75% interest in two properties at the end of April 2015 were not re-invested until June 11, 2015. Although leverage was 53.7% at December 31, 2015, the average during the quarter was approximately 54.0% and 53.2% for the year ended December 31, 2015. The REIT intends to operate with a leverage ratio in the mid 50% range. Each 1% increase in leverage would be expected to improve the FFO payout ratio by approximately 2%.

LIQUIDITY AND CAPITAL RESOURCES

The major changes to Summit IIõs balance sheet as at December 31, 2015, compared to the prior year end reflect the property acquisitions, dispositions, debt obtained and equity offering during the nine month period.

TOTAL ASSETS

Summit IIõs total assets increased to $406.4 million at December 31, 2015, from $341.6 million at the prior year end. During the year ended December 31, 2015, the REIT acquired 11 properties in Ontario and Quebec for a purchase price of $79.0 million and sold a 75% interest in two properties for $24.9 million. Please refer to the ñTransactionsò section above for more details.

TOTAL DEBT

Total debt was $218.4 million at December 31, 2015, compared to $188.7 million at the prior year end. Proceeds from the January offering (see ñEquityò below) were used to complete the above noted Montreal and GTA property acquisitions. In conjunction with the acquisition of interests in the six properties in Montreal by February 11, 2015, mortgages and debt of $11.4 million were assumed with a weighted average remaining term of 9.6 years bearing an average interest rate of 3.49%. Also, as part of the Montreal property acquisitions, a new financing of $12.9 million (Summitõs 50% interest) was obtained on a ten year mortgage at an interest rate of 3.25%. The balance of the transaction was satisfied with funds from the revolving credit facility.

The four GTA property acquisitions completed on February 23, 2015, were satisfied by a new seven year mortgage of $15.2 million bearing an average interest rate of 3.30% with the balance from the revolving credit facility. The GTA property acquired on June 11, 2015, was satisfied by the assumption of an $8.9 million mortgage with a stated interest rate of 3.72% and maturing in September 2019.

On the sale of 75% interest in the Moncton property in April 2015, the co-owner also assumed $9.0 million of the associated debt on this property.

In December 2015, the revolving credit facility was amended and the maturity was extended to September 27, 2017. The amended operating facility is interest bearing at a variable interest rate based on bank prime plus 1% for prime rate loans or banker's acceptance rates plus 2% for banker's acceptances for amounts up to $44 million. Amounts drawn in excess of $44 million, to a maximum of $60 million, bear a variable interest rate based on bank prime plus 2.25% for prime rate loans or banker's acceptance rates plus 3.25% for banker's acceptances. The $16 million excess amount is to fund acquisitions and matures November 1, 2016.

As of December 31, 2015, $32.1 million was drawn on the revolving credit facility of a total available of $60 million. The Trust's exposure to floating rate debt was 15.1% of total debt as at December 31, 2015.

EQUITY

Unitholders' Equity increased to $177.9 million at December 31, 2015, compared to $144.1 million at the prior year end. On January 7, 2015, Summit II completed a bought-deal public offering of 5,130,000 trust Units at a price of $5.85 for net proceeds of $28.5 million.

CASH DISTRIBUTIONS

On May 6, 2014, the Board of Trustees approved a cash distribution increase to $0.042 per Unit per month or $0.504 per Unit on an annualized basis which applied to Unitholders of record on May 30, 2014. The Board of Trustees has adopted a policy to consider annually increasing the cash distribution by between 2% and 4% while maintaining an AFFO payout ratio below 90%.

The regular cash distributions declared, excluding the special distribution noted below, during the year ended December 31, 2015, were $12.1 million compared to $8.8 million in the same period of 2014. The Trust will continue its distribution of $0.042 per Unit on a monthly basis ($0.504 per Unit on an annualized basis).

SPECIAL DISTRIBUTION

As a result of the net realized gain of $2.4 million or $0.08 per Unit created on the sale of a 75% interest in two properties in April 2015, the Trustees approved a special distribution of $0.016 per Unit payable to shareholders of record May 31, 2015. The total amount of this special distribution was $459,000 or $392,000 net of DRIP participation and was paid June 15, 2015. The distribution represents approximately 20% of the realized gain on the disposition.

UNITHOLDERS' TAXATION

For taxable Canadian resident Unitholders, the distributions are treated in the following manner for tax purposes:

For the years ended	**2015**	2014	2013
Other income	**0.00%**	0.00%	0.89%
Capital gain	**24.22%**	23.21%	23.67%
Return of capital	**75.78%**	76.79%	75.44%

Only 50% of capital gains are included in taxable income as a result only 12.11% of the 2015 distribution is taxable.

DISTRIBUTION REINVESTMENT PLAN

The Trust has a Distribution Reinvestment Plan (ñDRIPò) whereby registered or beneficial holders of the Trustôs Units who are resident in Canada can acquire additional Trust Units by reinvesting all or a portion of their monthly cash distributions without paying brokerage commissions. In addition, Unitholders who elect to participate in the DRIP will receive a further distribution of Trust Units equal to 5% of each distribution that was reinvested by them.

During the year ended December 31, 2015, there were 381,224 Units issued under this plan for total proceeds of $2.2 million, representing a DRIP participation rate of 14.9%. During the year ended December 31, 2014, there were 271,351 Units issued under this plan for total proceeds of $1.6 million, representing a 19.1% DRIP participation rate.

LIQUIDITY

(in Thousands of Canadian dollars)	Total	Deferred Financing Charges	Premium on Debt	2016	2-3 years	4-5 years	After 5 years
Loans and borrowings	218,369	(1,147)	586	12,852	96,840	57,970	51,268
Trade and accrued liabilities	6,469	-	-	6,469	-	-	-
Total	224,838	(1,147)	586	19,321	96,840	57,970	51,268

Approximately $32.1 million of the loans and borrowing presented in the 2-3 years is associated with the revolving credit facility which has been extended to mature September 27, 2017.

TAXATION

Summit II is generally subject to tax in Canada under the Income Tax Act (The ñTax Actò) with respect to its taxable income each year, except to the extent such taxable income is paid or deemed to be payable to Unitholders and deducted by Summit II for tax purposes.

Pursuant to Summit IIôs Declaration of Trust, the Trustees intend to distribute or designate all taxable income directly earned by Summit II to Unitholders of the Trust such that Summit II will not be subject to income tax under Part I of the Tax Act.

OCCUPANCY

Summit II works diligently to maximize occupancy throughout its portfolio in accordance with local market conditions.

	December 31, 2015		September 30, 2015		December 31, 2014	
	GLA	Occupancy %	GLA	Occupancy %	GLA	Occupancy %
Investment properties						
Ontario	3,627,502	97.3%	3,627,300	98.9%	3,161,351	100.0%
British Columbia	21,700	100.0%	21,700	100.0%	21,700	100.0%
Alberta	76,163	100.0%	76,163	100.0%	76,163	100.0%
New Brunswick	42,369	100.0%	42,369	100.0%	169,474	100.0%
Quebec	635,811	100.0%	635,811	100.0%	308,558	100.0%
Total	**4,403,545**	**98.1%**	**4,403,343**	**99.1%**	**3,737,246**	**100.0%**

The vacancy is composed of two suites with 40,234 square feet and 44,902 square feet respectively. New five-year leases have been secured for both suites commencing on March 1, 2016 and have average annual rental escalations of 2.3% and 1.8%, respectively. This will bring the portfolio back to full occupancy.

ACTIVE LEASING PROGRAM

Occupancy in the portfolio remains strong. The weighted average lease term for the portfolio is approximately 5.6 years. The leases contain contractual steps in rent of approximately 1.6% per year over the term. The REIT is proactive in addressing lease expiries well in advance of the expiry date.

LEASE ROLLOVER

The following table represents the expected lease rollover for the next five years for the investment properties:

	GLA	**Percentage**
2016	333,201	7.7%
2017	420,586	9.7%
2018	438,241	10.2%
2019	634,063	14.7%
2020	302,254	7.0%
Thereafter	2,190,064	50.7%
Occupied GLA	4,318,409	100.0%

The lease rollover profile will continue to change and normalize as the portfolio expands.

DEBT LEVERAGE RATIO

The maximum debt leverage permitted by Summit II‘s Declaration of Trust is 65%. However, it is Summit II‘s goal to operate in the mid-50% range over the long term. At December 31, 2015, Summit II‘s debt leverage ratio was 53.7% compared to 54.1% at September 30, 2015 and 55.2% at December 31, 2014. The offering funds received January 7, 2015, were temporarily applied to the credit facility and drawn for the acquisitions February 5, 2015 and February 11, 2015, until being fully invested by the February 23, 2015 portfolio acquisition. The reduction in leverage during the 2014 year was a result of Summit II utilizing proceeds on the 75% sale of a property in Ottawa in May 2014, and the June 2014 equity offering reducing the revolving credit facility.

(In Thousands of Canadian dollars)	**As at December 31, 2015**	**As at September 30, 2015**	**As at June 30, 2015**	**As at March 31, 2015**	**As at December 31, 2014**
Total Assets	406,411	403,693	401,457	407,680	341,646
Debt					
Mortgages payable	185,342	186,715	189,182	191,012	152,515
Bank loans	33,027	31,821	27,243	34,600	36,162
Total debt	218,369	218,536	216,425	225,612	188,677
Leverage ratio	**53.7%**	**54.1%**	**53.9%**	**55.3%**	**55.2%**
Average leverage ratio - quarter	**54.0%**	**53.7%**	**53.4%**	**51.8%**	**52.0%**

CONTRACTUAL OBLIGATIONS

Summit II's most significant contractual obligations relate to the long-term debt including mortgages payable and bank loans as described below.

LONG TERM DEBT

The following table presents the future principal repayments and maturities on long-term debt and respective weighted average effective interest rates:

(In thousands of Canadian Dollars)

Year	**Principal Repayment**	**% of Total**	**Weighted Average Effective Interest Rate**
2016	11,882	6.4%	3.51%
2017	8,242	4.4%	3.51%
2018	56,541	30.4%	3.51%
2019	11,989	6.4%	3.50%
2020	45,981	24.7%	3.49%
2021	25,210	13.6%	3.41%
Thereafter	26,058	14.0%	3.36%
Total principal repayments	185,903	100.0%	
Variable rate debt	33,027		3.67%
Premium on debt	586		
Deferred financing charges	(1,147)		
Total loans and borrowings	218,369		

As at December 31, 2015, there was approximately $33.0 million of variable rate debt.

CASH FLOW

The following table represents the changes in cash flow for the year ended December 31, 2015, compared to the year ended December 31, 2015.

(In thousands of Canadian dollars)		2015		2014
Cash flow from operating activities	$	14,099	$	11,877
Cash flow from (to) financing activities	$	33,886	$	17,758
Cash flow from (to) investing activities	$	(47,643)	$	(30,682)

Cash flow from operating activities for the year ended December 31, 2015, was $14.1 million compared to $11.9 million for the prior year. The increase was due the change in working capital as a result of the growth in the portfolio.

Cash flow from financing activities was $33.9 million for the year ended December 31, 2015, compared to $17.8 million for the prior year. The change is primarily due to the increase in mortgage debt associated with transactions during 2015 and the related equity offering completed on January 7, 2015. During the same period in 2014, Summit II utilized proceeds on the 75% sale of a property in Ottawa in May 2014, and the June 2014 equity offerings to reduce the revolving credit facility.

Cash flow allocated to investing activities was $47.7 million for the year ended December 31, 2015, compared to $30.7 million in the same period in 2014. For the year ended December 31, 2015, the Trust acquired 11 properties with GLA of 850,602 square feet for a total purchase price of $79.0 million, sold excess land for $650,000, and sold a 75% interest in two properties for $24.9 million, generating a net realized gain of $2.4 million. Approximately $9.0 million in debt was assumed by the purchaser on the sale of 75% interest in the two properties. During the year ended December 31, 2014, the Trust acquired five properties with GLA of 593,239 square feet for a total purchase price of $47.5 million and sold a 75% interest in a property for proceeds of approximately $25.3 million, generating a net realized gain of $4.2 million. Additions to investment properties during the year ended December 31, 2015, relate to capital outlays and tenant leasing costs. For the year ended December 31, 2014 additions were primarily related to the redevelopment of a property from a single tenant to a multi-tenant building, escrow payments and provisions associated with the 75% property sale and tenant leasing costs incurred within the overall portfolio.

In accordance with National Instrument 41-201, the Trust is required to provide additional disclosure relating to cash distributions.

(in Thousands of Canadian dollars)	Year ended December 31			
		2015		2014
Cash provided by operating activities	**$**	**14,099**	$	11,877
Actual cash distributions paid or payable		**14,936**		10,604
Excess (shortfall) of cash provided by operating activities over cash distributions paid	**$**	**(837)**	$	1,273
Net income and comprehensive income	**$**	**17,935**	$	11,476
Actual cash distributions paid or payable	**$**	**14,936**	$	10,604
Excess (shortfall) of net income over cash distributions paid	**$**	**2,999**	$	872

For the year ended December 31, 2015, the REITôs distributions exceeded cash flow from operations by $0.8 million and for same period in 2014, cash flow from operations exceeded distributions by $1.3 million. The change in non-cash working capital items will vary from period to period.

RELATED PARTY TRANSACTIONS

Management Agreement

Pursuant to the terms of the Management Agreement with Sigma Asset Management Limited (ñSigmaò or the ñManagerò), the Manager provides Summit II with the services necessary to manage its day-to-day operations. The Management Agreement, dated September 25, 2012, has an initial term of ten years, subject to earlier termination in certain circumstances, and will be automatically renewed for successive five-year terms. Sigma is related to Summit II by virtue of having some officers and Trustees in common.

The Management Agreement sets out the fees payable to the Manager for the services provided, such fees being:

- A base annual management fee equal to 0.25% of the gross value of Summit IIôs assets;
- an incentive fee equal to 15% of Summit IIôs AFFO per Unit, plus per Unit realized gains, as defined by the Management Agreement, in excess of a $0.48 (after the ñConsolidationò) hurdle amount, such hurdle amount to be increased by 1.5% each year ($0.4945 effective January 1, 2015);
- an acquisition fee for the purchase price paid by Summit II on the acquisition of a property equal to 1% of the first $50 million of the purchase price, 0.75% of the next $50 million of the purchase price, and 0.50% of any portion of the purchase price in excess of $100 million, payable so long as the gross book value of the properties owned by Summit II does not exceed $1 billion;
- a development fee in an amount to be negotiated between Summit II and the Manager, not to exceed the fair market value for comparable services;
- a property management fee equal to 3.5% of the gross rental income from each multi-tenant property, and 2.5% of the gross rental income from each single-tenant property and other property management costs recoverable under tenant operating leases;
- a leasing fee equal to $1.00 per rentable square foot only for those properties where the Manager provides leasing services; and
- a capital expenditures fee equal to 5% of all hard construction costs incurred on any capital project of Summit II, where the Manager is the project manager for the project and the hard construction costs of the project are in excess of $200,000.

The Manager can elect to take all (or any percentage of all) fees payable to it under the Management Agreement (and any property management agreement) in the form of Units, rather than in cash.

Under the terms of the Management Agreement the Trust has incurred the following fees for the three months and year ended December 31, 2015 and 2014:

	Three months ended December 31		Year ended December 31	
(In $ thousands)	**2015**	2014	**2015**	2014
Acquisition fees (capitalized to investment properties)	**$ -**	$ 223	**$ 790**	$ 475
Asset management fees	**250**	197	**974**	759
Incentive fee	**55**	(26)	**362**	753
Leasing fees (capitalized to investment properties)	**63**	172	**213**	172
Capital expenditures management fee (capitalized to investment properties)	**162**	142	**162**	142
Property management services	**353**	323	**1,406**	1,256
	$ 883	$ 1,031	**$ 3,907**	$ 3,557

Sigma contributed $159,000 year-to-date (2014 ï nil) toward leasing costs for space under vendor lease as agreed upon with the Independent Trustees. As noted in the February 13, 2013 short form prospectus, Sigma agreed to backstop space under vendor lease from January 1, 2015 to December 31, 2016, or until the applicable vendor lease has been satisfied. During 2015, all vendor head lease space has been leased. As at, December 31, 2015, $74,000 (2014 ï nil) was paid by the Manager to the Trust for the vendor lease space.

During the year ended December 31, 2015, Sigma paid $34,000 to the Trust (2014 - $33,000) for office space located at 294 Walker Drive, Brampton, Ontario, under a five year lease commencing June 1, 2013.

Trustee related fees of $202,000 (2014 - $185,000) are included in general and administrative expenses for the year ended December 31, 2015.

The following table represents the Units acquired during the year ended December 31, 2015, by the Manager and certain Informed Persons of the Manager, as such term is defined in National Instrument 51-102 - Continuous Disclosure Obligations:

Units acquired in year ended December 31, 2015	Manager	Certain Senior Executives of the Manager	Other insiders	Total units
Acquired on open market in 2015 and DRIP	-	75,073	905,360	980,433
	-	**75,073**	**905,360**	**980,433**

In total the Manager owns a 4.6% interest in the REIT, on an indirect basis. Certain senior executives and employees of the Manager own, directly or indirectly, a 3.4% interest in the REIT and other insiders own, directly or indirectly, a 5.7% interest in the REIT, for a total of 13.7% insider ownership as at December 31, 2015.

SUMMARY OF QUARTERLY RESULTS

The summary of quarterly results for the past eight quarters is as follows:

(in Thousands of Canadian dollars)	2015				2014			
(except per Unit amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue from income properties	$ 9,708	$ 9,903	$ 9,717	$ 9,049	$ 7,532	$ 6,987	$ 7,153	$ 7,068
Property operating expenses	2,966	3,107	3,042	2,750	2,073	1,736	2,017	1,700
Net operating income (NOI)	6,742	6,796	6,675	6,299	5,459	5,251	5,136	5,368
Net income	4,956	3,329	6,012	3,638	3,158	3,157	2,047	3,114
Funds from operations (FFO)	4,315	4,334	4,233	4,098	3,250	3,236	2,871	3,089
Adjusted funds form operations (AFFO)	3,874	3,593	3,206	3,529	3,004	2,791	2,420	2,816
Net income per Unit - basic and diluted	0.172	0.116	0.210	0.129	0.135	0.135	0.104	0.171
FFO per Unit	0.150	0.151	0.148	0.145	0.139	0.139	0.146	0.170
AFFO per Unit	0.134	0.125	0.112	0.125	0.129	0.120	0.123	0.155
Weighted average Units outstanding								
Basic and Diluted	28,860	28,761	28,657	28,226	23,368	23,308	19,698	18,201
Leverage ratio	53.7%	54.1%	53.9%	55.3%	55.2%	51.7%	51.3%	60.8%
Interest coverage (times)	3.01	2.95	2.89	2.90	2.72	2.80	2.46	2.54
Debt service coverage (times)	1.77	1.71	1.77	1.82	1.69	1.83	1.67	1.73

Net operating income increased to $6.7 million in the fourth quarter of 2015 compared to $5.5 million in the fourth quarter of 2014. The increase in NOI was due to the growth in the size of the portfolio through acquisitions in 2014 and in 2015. These increases have been partially offset by the sale of a 75% interest in three properties.

Net income was $5.0 million for the quarter ended December 31, 2015, compared to $3.2 million in the fourth quarter of 2014. Interest expense increased to $2.0 million in the fourth quarter of 2015 compared to $1.8 million in the fourth quarter of 2014. The increase relates to the increase in mortgages and debt related to the acquisitions during 2015. Also, during the fourth quarter of 2015 there was a nominal gain on the sale of investment properties compared to a $540,000 loss in the third quarter of 2015 and a $400,000 loss in the fourth quarter of 2014. These losses were associated with subsequent changes to return of escrow receivable assumptions related to the sale of 75% interest in an Ottawa property which occurred in May 2014. Fair value gains were $669,000 for the fourth quarter of 2015 compared to gains of $263,000 in the fourth quarter of 2014.

SECTION IV – OUTLOOK

Certain statements below may be forward-looking and readers are cautioned that such statements are subject to certain risks and uncertainties that could cause actual results, performance or achievements of Summit II, or industry results, expressed or implied by such forward-looking statements to differ materially from those contained in such forward-looking statements.

INVESTMENT MANAGEMENT

Management expects regional differences within the Canadian light industrial sector in 2016, with healthy market fundamentals in Eastern Canada offset by generally weaker fundamentals in Western Canada, particularly in the resource-based economies of Alberta and Saskatchewan. These regional differences will be tied to the underlying economic growth forecast of each region. Eastern industrial markets, (most notably Toronto and Montreal) which have a heavier concentration of manufacturing and distribution uses, will benefit from stronger export and transportation conditions stemming from a lower Canadian dollar, lower fuel prices and an overall stronger U.S. economy. In contrast, Western industrial markets (most notably Edmonton and Calgary) will continue to face challenges as a result of suppressed commodity prices and further curtailment of capital investment in the region. As a consequence, Management expects industrial valuations in Toronto and Montreal to continue to rise in 2016, while valuations in Calgary and Edmonton may decline in response to continued economic headwinds.

Light industrial real estate in major Eastern Canadian markets, particularly when packaged in large portfolios, continues to be in very high demand and attracts premium valuations. Institutional, public and private investors, recognizing the strong fundamentals and stable income streams in this sector, remain active buyers of light industrial properties. This competitive investment climate will continue to influence valuations in major Eastern Canadian markets in 2016. Interest rates, which are at historic lows and not expected to face much, if any, upward pressure in 2016, are projected to remain stable and continue to be supportive of leveraged buying and property valuations in general.

Within the context of this highly competitive investment climate, Summit II will continue to expand its presence in the highly stable light industrial sector of the Canadian real estate industry on a selective basis to achieve its goal of becoming the leading industrial landlord in the markets in which it chooses to operate. To enhance the size and quality of its portfolio, Summit II will continue to seek out and evaluate acquisition opportunities in the light industrial sector which meet its strict criteria, with a particular focus on purchasing individual assets or small portfolios that complement Summit IIôs existing portfolio and which provide value enhancement opportunities. Summit II will carefully evaluate acquisition opportunities, but will not complete a transaction unless it meets Summit IIôs strict real estate criteria, including an assessment of replacement cost. Management remains confident it will be able to continue to expand the size of its portfolio through a program of selective and accretive acquisitions over the long term.

Summit IIôs goal is to continue expanding its portfolio through acquisitions and expansions. Furthermore, Summit II expects to expand direct access to potential acquisitions through mezzanine financing agreements with third-party developers, providing Summit II with rights to acquire these development projects upon completion, and by broadening its ties to the external development community.

OPERATING PERFORMANCE

Management believes the Toronto and Montreal light industrial markets, where the Trust has the bulk of its properties, will continue to improve in 2016. Management expects market occupancy and rental rates in these two cities to increase as the local economies and the U.S. economy enter periods of growth. Activities such as warehousing and storage, light assembly and shipping, professional services and a number of other similar uses carried out in Summit IIös properties tend to grow in tandem with the broader economy. As a consequence, strengthening of the broader economy generally leads to strengthening market fundamentals in the industrial sector.

Summit II is also directing its focus on enhancing the cash flow and returns from its existing property portfolio. Summit II will strive to maintain its current high occupancy levels and average monthly rents. Pivotal to Summit IIös strategy is to provide tenants with ñbest-in-classò services to ensure their needs are met and to build Summit IIös reputation as the leading service provider in the Canadian real estate industry.

MANAGING DEBT

Interest rates are currently at historic lows and may be subject to modest increases over 2016. Over the long term, Summit II expects to maintain its leverage in the mid-50% range. Conservative debt service coverage ratios are expected to be maintained during the year.

EVENTS SUBSEQUENT TO DECEMBER 31, 2015

Distributions
On January 15, 2016, a distribution in the amount of $0.042 per Unit for Unitholders of record January 31, 2016, was declared and was paid on February 15, 2016. Also, on February 15, 2016, a distribution in the amount of $0.042 per Unit for Unitholders of record on February 29, 2015, was declared and will be paid on March 15, 2016.

Acquisitions
On January 15, 2016 and February 2, 2016, acquired a 50% interest in two of the previously announced three properties in Montreal for a purchase price of $6.7 million and at a cap rate of 6.57%. The acquisition was financed by assuming mortgages of $4.2 million with an average remaining term to maturity of 7.8 years at an average interest rate of 3.58%. The third property is expected to close within the first quarter of 2016.

On February 12, 2016, the REIT entered into a value add joint venture property acquisition and development agreement and acquired a 50% interest in a 155,730 square foot light industrial property in Montreal for a purchase price of $3.6 million financed by a new mortgage of $1.8 million at an interest rate of prime plus 0.65% and utilizing proceeds of the revolving credit facility. Summit and its joint venture partner will upgrade and then lease the property, expected to take approximately twelve to eighteen months.

Financing
On January 4, 2016, $4.9 million in mortgage debt matured and was paid utilizing funds from the revolving credit facility. The property has been added as security on the line.

On February 16, 2016, $7.5 million in mortgage debt was secured on Summitôs 25% interest in two properties at a rate of 2.78% and with a five year term to maturity. The proceeds will be applied to the REITôs revolving credit facility.

PROPERTY PORTFOLIO

The following table provides information regarding the property portfolio as at December 31, 2015:

Summit II REIT Portfolio by Property

Address	City	Year Built / Renovated	Single vs. Multi-Tenant	No. of Tenants	GLA	Occupancy
				(#)	(sf)	(%)
Ontario						
501 Palladium Drive [1]	Ottawa	2007	Multi	2	64,593	100.0%
134 Bethridge Road	Bethridge	~1965	Single	1	142,386	100.0%
710 Neal Drive	Peterborough	1973 / Ongoing	Single	1	101,601	100.0%
200 Iber Road [1]	Ottawa	2007	Multi	4	18,936	100.0%
240 Laurier Boulevard	Brockville	2005 / 2010	Single	1	68,093	100.0%
155-161 Orenda Road	Brampton	1970	Multi	4	319,077	87.4%
8705 Torbram Road	Brampton	1980 / 2003	Multi	3	296,203	84.8%
6 Shaftsbury Lane	Brampton	1975	Single	1	125,871	100.0%
40 Summerlea Road	Brampton	1987	Single	1	121,138	100.0%
296-300 Walker Drive	Brampton	1976	Multi	2	102,972	100.0%
292-294 Walker Drive	Brampton	1987	Multi	9	74,583	100.0%
165 Orenda Road	Brampton	2003	Single	1	57,055	100.0%
1075 Clark Boulevard	Brampton	1974	Single	1	35,842	100.0%
200 Vandorf	Aurora	1985	Single	1	322,187	100.0%
125 Nashdene	Scarborough	1992	Multi	2	163,402	100.0%
40 Dynamic Drive	Scarborough	1988	Multi	4	86,681	100.0%
50 Dynamic Drive	Scarborough	1986	Single	1	45,003	100.0%
110 Walker Drive	Brampton	1981 / 1987	Single	1	148,832	100.0%
500 Veterans Drive	Barrie	2004	Single	1	216,460	100.0%
21 Finchdene Square	Scarborough	1981 / 1986	Single	1	170,100	100.0%
1 Rimini Mews	Mississauga	1972	Single	1	46,150	100.0%
977 Century Drive	Burlington	1980	Single	1	45,496	100.0%
30 Struck Court	Cambridge	2006	Single	1	111,493	100.0%
350 Hazelhurst Road	Mississauga	1997	Single	1	220,000	100.0%
78 Walker Drive	Brampton	1986 / 2000	Single	1	150,000	100.0%
1600 Clark Boulevard	Brampton	1974	Single	1	79,300	100.0%
65 Riveria Drive	Markham	1985	Single	1	46,360	100.0%
5485 Tomken Road	Mississauga	1982	Single	1	63,700	100.0%
2333 North Sheridan Way	Mississauga	1970 / 2014	Multi	4	183,989	100.0%
Quebec						
175 Bellerose Boulevard	Laval	2007	Single	1	81,087	100.0%
2580 Dollard	Lassalle	1973	Multi	4	89,000	100.0%
2695 Dollard	Lassalle	1954 / 1980	Multi	2	62,279	100.0%
300 Labrosse	Pointe-Claire	1974	Single	1	55,333	100.0%
7290 Frederick Banting	St. Laurent	2001	Single	1	20,859	100.0%
3720 Ave des Grandes Tourelles [2]	Boisbriand	2014	Single	1	154,166	100.0%
1177-1185 55e Ave [2]	Dorval	1990	Single	1	77,946	100.0%
5757 Thimens Blvd. [2]	St. Laurent	1981	Single	1	37,747	100.0%
5545 Ernest-Cormier [2]	Laval	2012	Single	1	24,956	100.0%
185 Bellerose Blvd [2]	Laval	2009	Single	1	19,566	100.0%
1970 John-Yule [2]	Chambly	2011	Single	1	12,872	100.0%

Summit II REIT Portfolio by Property

Address	City	Year Built / Renovated	Single vs. Multi-Tenant	No. of Tenants	GLA	Occupancy
				(#)	(sf)	(%)
British Columbia						
6708, 87A Avenue	Fort Saint John	2006	Single	1	13,500	100.0%
2500 Cranbrook Street	Cranbrook	1970	Single	1	8,200	100.0%
Alberta						
3703 98th Street	Edmonton	1978	Single	1	45,752	100.0%
5880 56th Ave	Edmonton	1997/ 2004	Single	1	30,411	100.0%
New Brunswick						
290 Frenette (1)	Moncton	2012	Single	1	42,369	100.0%
Total Portfolio As At December 31, 2015				**74**	**4,403,545**	**98.1%**
Subsequent Event Acquisitions						
Quebec						
3700 Ave des Grandes Tourelles (2)	Boisbriand	2015	Single	1	29,235	100.0%
1405 Rue Graham-Bell (2)	Boucherville	2008	Multi	2	23,066	100.0%
5685 Rue Cypihot (2)	Saint-Laurent	1980 / 1997	Single	1	77,865	100.0%
Total Subsequent Event Acquisitions				**4**	**130,166**	**100.0%**
Total Portfolio				**78**	**4,533,711**	**100.0%**

(1) Represents 25% of total GLA.

(2) Represents 50% of total GLA.

SECTION V – RISKS AND UNCERTAINTIES

Income producing properties are inherently subject to certain risks and uncertainties due to their relative illiquidity and long term nature of the investment. Summit IIҀs financial results are therefore, dependent on the performance of its properties and by various external factors that impact the real estate industry and geographic markets in which the REIT operates. Some of the external factors that the REIT is exposed to include fluctuations in interest and inflation rates; access to debt; fulfilling legal and regulatory requirements; and expansion or contraction in the economy as a whole.

Summit IIҀs current business strategy is to focus on acquiring and managing a portfolio of light industrial commercial properties, in both primary and secondary markets throughout Canada and that generate stable cash flows over the long term. The quality of the REITҀs current portfolio, Management believes, provides the leverage the REIT needs to expand the business in new markets and acquire high performing properties. Management believes this strategy will enable the REITҀs operations to achieve highly sustainable cash flows.

The following is an examination of the key factors that influence Summit IIôs operations. A more detailed description of all of our risk factors is contained in the REITôs Annual Information Form.

(A) Interest rate risk

The REIT is exposed to interest rate risk when funds are drawn under the revolving credit facility and variable rate mortgages, which have a floating rate of interest. An increase in interest rates would increase the interest cost of the REITôs loans and have an adverse effect on the REITôs comprehensive income and earnings per Unit. Based on the outstanding balance of the revolving credit facility and variable rate mortgages at December 31, 2015, a 1% increase or decrease in the Bankôs prime rate would have an impact of $330,000 on the REITôs annual interest expense (December 31, 2014 - $362,000) for the period then ended. The REIT intends to structure its fixed rate financing so as to stagger the maturities of its mortgages, thereby minimizing exposure to future interest rate fluctuations.

(B) Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The REIT attempts to mitigate this risk by conducting credit assessments on new lessees, diversifying its tenant mix and by limiting its exposure to any one tenant. The maximum credit risk exposure at December 31, 2015, and December 31, 2014, relates to the carrying value of the accounts receivable balance without taking into account any collateral held or other credit enhancements. Collateral held on certain leases are letters of credit or security deposits from the tenants. Refer to Note 8 of the REITôs Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014 for details of accounts receivable.

(C) Liquidity risk

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to the REIT to fund future growth, refinance debts as they mature or meet the REITôs payment obligations as they arise. Furthermore, liquidity risk also arises from the REIT not being able to obtain financing or refinancing on favourable terms. For the year ended December 31, 2015, the REITôs main liquidity requirements arise from ongoing working capital requirements, debt servicing and repayment obligations, capital and leasing expenditures on existing properties, property acquisitions and distributions to Unitholders. All of the aforementioned liquidity requirements, except for debt repayment obligations at maturity and property acquisitions, are generally funded from cash flows from operations or from drawing on the REITôs revolving credit facility. Debt repayment obligations (Note 9 of the REITôs Audited Consolidated Financial Statements) are generally funded from refinancing the related debt and property acquisitions are generally funded from equity raises as well as obtaining debt financing on the related property. Between capital raises, the REIT may use its revolving credit facility to fund the equity portion of property acquisitions.

The REITôs financial condition and results of operations would be adversely affected if it were unable to obtain financing/refinancing or cost-effective financing/refinancing, or if it were unable to meet its other liquidity requirements from ongoing operating cash flows.

The REIT intends to mitigate its liquidity risk by staggering the maturities of its debt. As well, the REITôs distributions are made at the discretion of the REITôs Trustees. Finally, the Trust does not enter into committed property acquisitions unless it has secured or knows that it can secure the appropriate capital (debt and equity) to fund the particular acquisition.

DISCLOSURE AND INTERNAL CONTROLS

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Summit II, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Summit II is made known to the CEO and CFO, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No changes were made in Summit IIôs design of internal controls over financial reporting during the year ended December 31, 2015, that have materially affected, or are reasonably likely to materially affect, Summit IIôs internal controls over financial reporting.

Management, including Summit IIôs CEO and CFO assessed, or caused an assessment under their direct supervision, of the design and operating effectiveness of the Trustôs disclosure control and procedures and internal controls over financial reporting as at December 31, 2015 on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, it was determined that, as of December 31, 2015, disclosure control and procedures and internal controls over financial reporting were appropriately designed and were operating effectively based on the criteria established in the Internal Control - Integrated Framework (2013).

Due to the inherent limitations in all controls systems, a control system can provide only reasonable, not absolute assurance, that the objective of the control system are met and may not prevent or detect misstatements or instances of fraud. Managementôs estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion or two or more people or by management override.

FUTURE CHANGES IN ACCOUNTING POLICIES

The future accounting policies changes are discussed in the Trustôs Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014 and the notes contained therein.

UNITS OUTSTANDING

The Trust is permitted under its Declaration of Trust, to issue three classes designated as ñUnitsò, ñSpecial Voting Unitsò and ñPreferred Unitsò. The Trust has issued only a single class of Units.

The total number of Units outstanding as of February 16, 2016, was 28,977,558.